

**481—100.34(99B) Nature and dedication of net receipts.** At least 75 percent of net receipts shall be dedicated and distributed to educational, civic, public, charitable, patriotic or religious uses in this state.

**100.34(1)** The following examples illustrate methods to determine net receipts, allowable expense, and the amount required to be dedicated and distributed.

EXAMPLE 1

When sales tax is not included in gross receipts, it need not be deducted to arrive at net receipts.

Gross receipts for quarter (excluding sales tax)	\$100,000
Amount awarded as prizes	<u>\$ 20,000</u>
Net receipts	\$ 80,000
Minimum dedicated and distributed (75 percent of net receipts)	\$ 60,000
Maximum expenses (25 percent of net receipts)	\$ 20,000

EXAMPLE 2

When sales tax is included in gross receipts, it is deducted to arrive at net receipts.

Gross receipts for quarter (including sales tax)	\$105,000
Amount awarded as prizes	\$ 20,000
Sales tax	<u>\$ 5,000</u>
Net receipts	\$ 80,000
Minimum dedicated and distributed (75 percent of net receipts)	\$ 60,000
Maximum expenses (25 percent of net receipts)	\$ 20,000

At least 75 percent of the net receipts received during the quarter shall be distributed no later than 30 days following the end of each calendar quarter unless permission to do otherwise is requested in writing and granted by the department.

**100.34(2)** If a licensee receives at least 90 percent of its total income in a calendar year from charitable gambling activities, at least 75 percent of the licensee's net receipts must be distributed to an unrelated entity by March 31 of the following year for educational, civic, public, charitable, patriotic, or religious uses. An unrelated entity is one having a separate state charter and tax identification number. The following examples illustrate methods to determine if at least 75 percent of a licensee's income must be distributed to an unrelated entity.

EXAMPLE 3

Charitable gambling income:	
Gross income from raffles	\$ 20,000
Gross income from bingo	\$ 60,000
Gross income from other games of skill or chance	<u>\$ 5,000</u>
Total charitable gambling income	\$ 85,000
Other income:	
Donations	\$ 13,000
Interest income	\$ 1,000
Membership dues	<u>\$ 1,000</u>

Total other income	\$ 15,000
Total income:	\$100,000
Percentage of total income derived from charitable gambling	85%

This licensee is required to distribute at least 75 percent of its net receipts to either a related or unrelated entity.

#### EXAMPLE 4

Charitable gambling income:	
Gross income from raffles	\$ 30,000
Gross income from bingo	\$ 60,000
Gross income from other games of skill or chance	<u>\$ 5,000</u>
Total charitable gambling income	\$ 95,000
Other income:	
Donations	\$ 3,000
Interest income	\$ 1,000
Membership dues	<u>\$ 1,000</u>
Total other income	\$ 5,000
Total income:	\$100,000
Percentage of total income derived from charitable gambling	95%

This licensee is required to distribute at least 75 percent of its net receipts only to an unrelated entity.

This rule is intended to implement Iowa Code sections 99B.1(16), 99B.1(18), 99B.1(24), 99B.7(3), and 99B.7(4).